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SUBJECT: SCENEASTER FOR NOVEMBER 4 SECURITY DIALOGUE

REF: BAKU 849

Classified By: Charge Donald Lu, Reasons 1.4 (b) and (d)

¶11. (C) Summary: This Security Dialogue comes at a frankly uncomfortable point in our bilateral relations. U.S. support for Turkey-Armenia rapprochement adds to the pre-existing disquiet over Section 907 in particular, and the general sense of doubt in Baku that the United States has enough interest in Azerbaijan to offset increasing Russian meddling and Iranian subversion. Nevertheless, there is valuable cooperation taking place - on Afghanistan, counter-terrorism, and military-to-military relations to name a few areas. If the Security Dialogue could provide the needed impulse to move TEP forward, it will be a success. If it leads to a resolution of the Leahy issue, it will be a resounding success. However, it will be a challenge to move the discussion past the ritualistic sulking we expect on 907 and other grievances to more productive territory.
End Summary.

A Difficult Time for Bilatera, Regional Relationships

¶12. (C) Despite te excellent record of bilateral cooperation, your GOAJ interlocutors will bring three key grievances to the table, and the personality of their delegation head will ensure that they come up early and often. Baku's resentment of Turkey's progress toward normalization with Armenia in the absence of progress on the resolution of the Nagorno-Karabakh (NK) conflict is acute, real and extends to the United States, whom Azerbaijan views as the instigator of the process. NK itself is also a sore subject; Azerbaijan routinely accuses the international community of siding with Armenia and tolerating the occupation of recognized Azerbaijani land. Finally, the GOAJ chafes at the restrictions of Section 907. Baku views 907 as a blatantly unfair law that reverses the positions of aggressor and victim; views the waiver provisions as inadequate, and is perplexed that the Administration to date has not followed the precedent set by the last two in publicly declaring the desire to see 907 repealed.

¶13. (C) In response to these grievances, it is best to underscore the unprecedented attention that the Administration has focused on NK in recent months, with the appointment of a distinguished senior diplomat as Minsk Group Co-Chair and personal attention from S and POTUS. You should underscore that the United States understands and values

Azerbaijan's equities and appreciates that the success of Turkey-Armenia is intimately related to success on NK and vice versa. On 907, we recommend pointing to the unbroken record of executive waivers since 2002, and the certainty that it will continue, while not denying the existence of a policy debate. However, you should not expect these responses to elicit any positive or conciliatory answers.

Azimov Is Unpredictable

¶4. (C) Deputy FM Azimov has led these security talks for 12 years running. Our experience with him has been uneven. He is a very intelligent and articulate interlocutor, but he has a quick temper and holds grudges. In parallel with the last round of security dialogue talks in 2007, he held difficult and combative discussions with senior officials in the Pentagon. He has also exhibited anger and disappointment for the past 18 months over the U.S. decision to vote no on a UN resolution on Nagorno-Karabakh in March 2008. He remains one of the key decision-makers on security cooperation, so he cannot be written off in spite of his mercurial nature. We recommend reading the GRPO bio on Azimov before the meeting.

Security Overview

¶5. (SBU) Azerbaijan's strategic direction is deeply affected by its physical security environment. Sandwiched between Russia and Iran, and with the unresolved Nagorno-Karabakh conflict tying down 70 percent of its ground forces along the

BAKU 00000861 002 OF 003

Line of Contact, Azerbaijan recognizes the need for strong allies. The country has also increased its defense spending tenfold in five years and now spends nearly 2 billion dollars annually on defense. While this rate of growth may sound alarming, it is tempered by the fact that it represents an approximate three percent of GDP, the Azerbaijani Army is in need of replacing or repairing many items and infrastructure, and the sum of money is spread across multiple ministries, not just the MoD. Your GOAJ interlocutors will be unequivocal about Azerbaijan's orientation westward for its security needs, but they will just as forcefully argue that they need - and deserve - American weapons systems to build adequate defenses.

¶6. (SBU) Late last year Azerbaijan withdrew its 150-man contingent from Iraq that had been partnering with U.S. Marines at the Haditha Dam, at the request of the Iraqi Government. Since then, Azerbaijan has followed through on its commitment to double from 45 to 90 the size of its military contribution to Afghanistan. Military exercise REGIONAL RESPONSE 2009 (RR09) occurred from 15-28 April 2009. RR09 was an Afghanistan peacekeeping scenario-based field training exercise emphasizing cordon and search, quick reaction force operations, and patrolling. The exercise was a success with both sides benefiting from the experience. Because of Azerbaijan's broader geopolitical significance and against the backdrop of continuing U.S. efforts to elevate our bilateral relationship, we believe that this next round of the security dialogue is an opportunity to take stock of our existing cooperation and look for ways to expand our security agenda.

KEY DIALOGUE TOPICS: AFGHANISTAN AND TEP

¶7. (C) Azerbaijan's cooperation on Afghanistan is undoubtedly the "good-news story" of the bilateral security relationship. Azerbaijan recently increased its modest contingent there, has volunteered for other tasks supporting the Afghan government and has permitted extensive use of its airspace and transport infrastructure to support U.S. logistics. Significantly, Azerbaijan is in serious talks with DoD to

initiate a "train and equip" (TEP) program that would support battalion-strength (400-700 soldiers) rotational deployments of Azerbaijani troops. Azerbaijan and the United States also enjoy excellent cooperation on counterterrorism and Caspian maritime security, both areas that have the advantage of being outside the ambit of Section 907. President Aliyev unequivocally supported the TEP idea in his October 23 discussion with DAS Tina Kaidanow (Reftel). MOD is interested, but insists it must defer to MFA. In order to formulate a full TEP proposal, Azerbaijan needs to clear on the visit of a EUCOM assessment team. The available window for their visit is mid-November. If GOAJ clearance is still pending at the time of the Security Dialogue, we suggest that it be considered a key deliverable.

¶8. (C) Azerbaijan also affords the United States extensive access to its territory for overflight, "gas-and-go" refueling and, since the November 2008 visit of Commander, USTRANSCOM General McNabb, virtually unlimited transit of nonlethal cargo as part of the Northern Distribution Network (NDN). The Security Dialogue should be an opportunity to explore ways that this cooperation can expand, particularly along the lines of infrastructure improvements that benefit Azerbaijan generally but would also increase the country's capacity to contribute to Afghanistan logistics. You should praise Azerbaijan's contributions, but also expect Azimov to grouse in reply that Azerbaijan gets nothing for all of its contributions.

MARITIME AND OTHER BILATERAL COOPERATION

9.(SBU) Because they fall outside the ambit of 907 restrictions, maritime, counter-proliferation and border security initiatives have a relatively long and successful history here. The DTRO and EXBS programs have collectively provided about USD 70 million in assistance to Azerbaijan's

BAKU 00000861 003 OF 003

Coast Guard; focus should now shift toward maintenance and sustainability, including professional exchange. The Security Dialogue is an opportunity to follow up, among other things, on critical energy infrastructure protection, a subject that has languished because of Azerbaijan's lack of interest in the MOU tabled by the United States in December ¶2008. However, the recent visit of VADM Clingan may have reinvigorated Baku's interest and this may be a good opportunity to make a fresh start.

LEAHY VETTING

¶10. (SBU) Azerbaijan's truculent attitude toward Leahy vetting is a key problem that we hope the Security Dialogue will help to unravel. Since summer 2008, MFA has asserted control over U.S. security assistance programs by insisting that other ministries respond to Leahy requests through them, and then refusing to cooperate with the USG. So far, over four million of dollars in assistance has been lost, including an INL program that included an in-country advisor.

Work with the State Border Services, represented at the dialogue by General Taghizade, has come to a standstill thanks to MFA and Azimov's obstructionism, disabling cooperation in both countries' interests on the Iranian border. Azimov's meddling can be traced to the decision of the United States (along with fellow Minsk Group Co-Chairs France and Russia) to vote against an unacceptable Azimov-drafted resolution on NK in the 2008 UNGA session. One way or the other, Baku needs to understand that Leahy vetting is the law, and could not be sidestepped even if the Department wanted to. Programs will inevitably be cancelled, as they already have been, and new ones will be unlikely to develop, unless Azerbaijan desists from sabotaging U.S. assistance.

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